



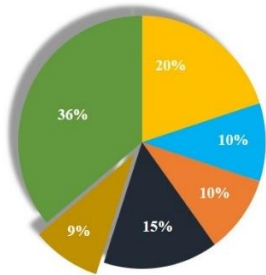
LOSS AVERSE INVESTING STRATEGIES UPDATE

June 2018

Tactical Total Return

The PVG Tactical Total Return is performing very well, up 6.63% Net of Fees as of 6/11/18 versus the S&P 500 up 4.96%. The strategy holds a diversified portfolio comprised of the S&P 500, the NASDAQ, small cap stocks through the Russell 2000, the international markets through the EFA Index and finally a 9% tranche of our best individual stock ideas. Having stock positions in a tactical strategy is very unique as most just use ETFs and attempt to outperform by market timing. We have multiple ways to outperform. Keep in mind when the market trend starts to roll over, we can get defensive and protect the downside in a bear market. During the bear market of 2008 the strategy was down only -5.4% versus the S&P down -37%.

The strategy can outperform in up markets as well as down. Given our strong current relative performance we are holding some cash in the portfolio to protect our relative performance should the market fall quickly. Investors should not view holding cash as a fundamental input. It is strictly a short-term tactical position that could change quickly.



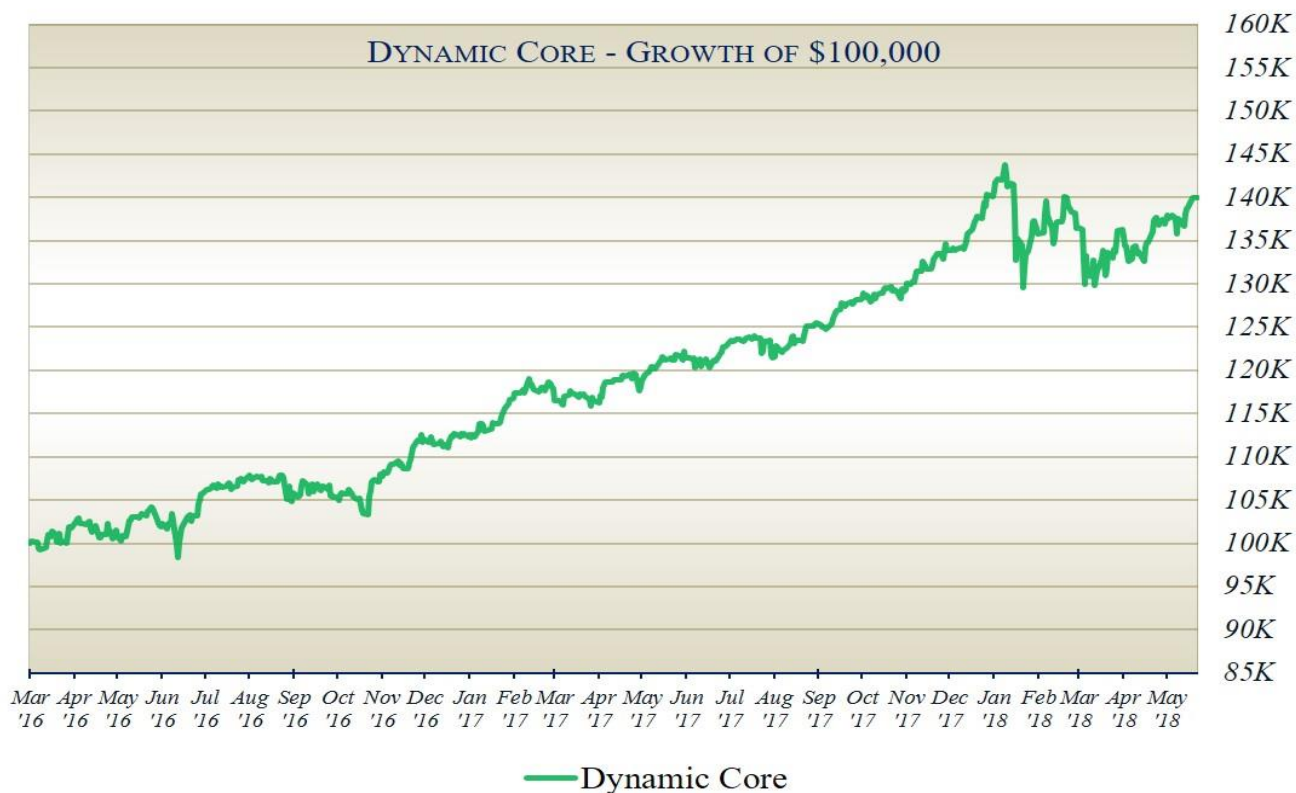
Asset Class	Percentage
SPDR S&P 500 ETF (SPY)	20%
Powershares QQQ Trust (QQQ)	10%
iShares MSCI EAFE (EFA)	10%
iShares Russell 2000 (IWM)	15%
Alpha Sleeve	9%
Cash	36%

CURRENT ALPHA SLEEVE HOLDINGS	%
The Walt Disney Company (dis)	2.0
Olin Corp. (oln)	2.0
AT&T (t)	2.0
BIOGEN IDEC INC (biib)	1.0
Cleveland-Cliffs Inc (clf)	1.0
AMC Entertainment Holdings Inc (amc)	1.0
Total	9.0

PERFORMANCE*	
JUNE 11, 2018 (NET OF FEES)	
	TACTICAL TOTAL RETURN
YTD	6.63%
	S&P 500
YTD	4.96%

Dynamic Core

The PVG Dynamic Core strategy, along with the market, has had an extraordinary run over the last 2.5 years. The strategy has had no trade signal, which means it's been fully invested in the market since March of 2016. The last trade signal was in late 2015, avoiding the major move down in early 2016. Since then, it's been up over 40% along with the market.



The strategy is managed by a proprietary technical algorithm, designed from years of work and testing by our investment team. The strategy focuses on the S&P 500. When the market is in an uptrend the strategy is fully invested in S&P 500 ETFs, when the market is in a downtrend the strategy becomes defensive and protects the portfolio from falling. This provides the upside of the market, yet dampens or eliminates the downside risk during bear markets. The result is a much lower long-term Beta than the S&P 500, a lower standard deviation, and significantly higher long-term returns by avoiding bear markets. **The strategy was one in the top 10 for Morningstar performance in the Long/Short category in Q4 2017 as well as Top 5 in Q1 2018.**

Top Performing Managers of Long-Short Equity, 1st Quarter 2018

Top Performing Managers of Long-Short Equity, 4th Quarter 2017

LONG-SHORT EQUITY

1 year
gross
return

1 year
net
return

	1 year gross return	1 year net return
Epoch Global Absolute Return	28.24	26.91
BP Emerging Markets L/S Equity	27.89	25.81
TAMP US Tactical ETF L/S - PULSE	25.74	25.74
BlackRock (BLK) Alpha Advantage 500 Composite	24.44	24.44
QMA US Core Equity Extended	23.49	22.71
Horizon Focused ETF with Risk Assist	22.17	19.91
PVG Dynamic Core ETF	20.76	19.57
Horizon Growth ETF with Risk Assist	19.60	17.41
WellsCap Analytic Global Long/Short Eq	17.21	16.44
Atlas 100/30 Long Short	17.04	15.74

Source: Morningstar Separate Account/CIT Fund Database

LONG-SHORT EQUITY

1 year
gross
return

1 year
net
return

	1 year gross return	1 year net return
Epoch Global Absolute Return	20.48	19.13
QMA US Core Equity Extended	16.80	16.05
Atlas 100/30 Long Short	16.65	15.55
BP Emerging Markets L/S Equity	16.09	14.31
PVG Dynamic Core ETF	13.16	12.01
Horizon Focused ETF with Risk Assist	14.03	11.98
WellsCap Analytic Global Long/Short Eq	12.29	11.56
Robinson Market Opportunity	12.46	11.49
Quantum Hedged Equity	11.33	10.40
Horizon Growth ETF with Risk Assist	12.36	10.35

Source: Morningstar Separate Account/CIT Fund Database

We use a combination of the 20, 50, and 200 day moving averages in the trend analysis. The strategy stays invested in an uptrend, out in a down, and hunts for sell signals and buy points at extreme levels.

The strategy is particularly timely as the market continues to rise heading into its tenth year, with very high market valuations and rising interest rates. At some point a bear market will occur. This strategy has the ability to continue to generate market returns as the market continues to ascend higher, but is designed to protect against what will likely be a nasty bear market when it does occur.



PERFORMANCE*	
JUNE 11, 2018 (NET OF FEES)	
	DYNAMIC CORE
YTD	4.26%
	S&P 500
YTD	4.96%

Loss Averse Equity Income

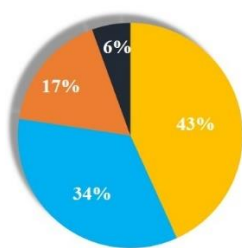
The PVG Loss Averse Equity Income strategy is performing well, with the strategy up about 3.9% for the quarter as of 6/12/18. This compares very favorably relative to the bond market or other conservative income-oriented strategies. As an example, the Barclay's Aggregate Bond Index is down about -.80% QTD and down -2.3% YTD. We remain conservatively positioned with a current beta for the strategy of .34, on a risk adjusted basis this has been is a very strong quarter.

We took advantage of the opportunities created by the selloff in the market in February, buying dividend paying stocks at very attractive valuations. We are overweight the equity REIT sector as many REITs were trading well below their underlying real estate values or below their liquidation values. PVG specializes in identifying attractively valued securities that pay attractive dividends. The rebound by some of the REITs has been spectacular, we had a couple up over 38% in appreciation during the quarter.

We are also finding very attractive stocks for our Blue-Chip tranche. Many of the great companies had been valued excessively by the market, but some have pulled back to very attractive levels. We are taking advantage of this opportunity. As an example, Disney had pulled back from over \$120 to below \$100, essentially what you would expect in a bear market with a 13x P/E ratio, very cheap for DIS. We think DIS is a money machine. They are developing their own streaming service like Netflix. This should be a very lucrative business for DIS as they have an incredible library of media and are a huge producer of original content.

This market reminds us of the 1990's bull market, very different in some ways, but very similar when you look at how the underlying sectors are performing. In the 1990's, at the end of 1999, the technology sector was about 30% of the S&P 500. Currently, technology is about 30% of the S&P 500, including Amazon. At the bottom of the bear market in 2002 Technology got to around 12%. The long-term average has been around 15%. Our point is, technology is where the risk in the market lies. Other sectors like the consumer staples sector did very well during the bear market of 2000-2002 as they significantly underperformed the last couple of years of the 1990's bull. That should sound very familiar as the consumer staple sector has performed horribly this year and would now likely do very well because of this underperformance in a bear market. As an example, Procter & Gamble has fallen 25% from its high this year to its low. We like PG at these levels after this large drop.

Our strategy seeks attractive dividend paying stocks, which has averaged about 5% yield over time. Additionally, we have always done an excellent job in protecting the portfolio during bear markets, actually making money. Our strategy has a P/E multiple on 2018 earnings of only 12.2x (this is a very attractive multiple), a current dividend yield of 5.1%, and long-term earnings growth of 6% for our holdings. The strategy has averaged a 6.4% return over time, we believe the return potential currently is higher than the long-term average, particularly relative to an expensive bond and stock market.



Blue Chip Tranche		Income Tranche	
Health Care	8.8%	Equity REITs	11.1%
Consumer Discretionary	7.0%	BDCs	10.8%
Financials	5.5%	Mortgage REITs	1.7%
Technology	3.5%	Telecom	7.5%
Industrial	0.5%	MLP (ETF's)	4.0%
Basic Materials	3.5%	Utilities	-
Consumer Staples	12.5%	Preferred	-
Energy	5.5%	Commodities	2.0%
Index	2.0%	Cash	5.5%
		Hedge	17.0%

PERFORMANCE*	
JUNE 11, 2018 (NET OF FEES)	
	LOSS AVERSE EQUITY INCOME
YTD	1.48%
	S&P 500
YTD	4.96%

Please call us at 303 874 7471 or email us at rgarcia@pvgasset.com to schedule an introductory call regarding our strategies.

The **Tactical Total Return** strategy is a tactical portfolio that is designed to mirror four indices in rising markets, yet in bear markets maintain a defensive posture and preserve capital. The strategy also has a very unique, “Alpha Sleeve” which allows us to utilize the best ideas of the firm in a 10% sleeve of the portfolio. The “Alpha Sleeve” can invest in individual securities or ETF’s.

The **Dynamic Core** strategy is a tactical portfolio that is designed to mirror the S&P 500 Index in rising markets, yet in bear markets maintain a defensive posture and preserve capital. It uses only technical input based around the moving averages of the S&P 500 Index.

The **Loss Averse Equity Income** strategy is a portfolio of high quality dividend paying stocks, with a very attract dividend yield, inflation protection, and we protect against falling or bear markets when we think it is appropriate with inverse ETFs on the market indices. This portfolio has a low correlation with the major stock and bond indices, and has very attractive returns over a full market cycle, adding both return and diversification to an overall portfolio.



LOSS AVERSE INVESTING STRATEGY UPDATE (PDF)
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Risk Considerations: *Past performance is not a guarantee of future results. Performance results are presented in U.S. dollars and are net-of-actual-management fees and trading expenses of the composite and reflect the reinvestment of dividends and capital gains. Actual fees may vary based on, among other factors, account size and custodial relationship. *Annual returns are compounded over the specified period. The current dividend yield is calculated gross of fees as of quarter end date and is the expected forward yield. No current or prospective client should assume future performance of any specific investment strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Changes in investment strategies, contributions or withdrawals may cause the performance results of your portfolio to differ materially from the reported composite performance. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will either be suitable or profitable for a client's investment portfolio. PVG's Portfolio Risk Spectrum is based off a number of factors including portfolio structure, holdings, weighting and risk measures. It is not meant to define the client's risk profile or appetite when investing with PVG. The Portfolio Risk Spectrum may change from the current position at any time depending on the factors stated for measurement. Historical performance results for market indices generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment-management fee, the incurrence of which would have the effect of decreasing historical performance results. Economic factors, market conditions, and investment strategies will affect the performance of any portfolio and there are no assurances that it will match or outperform any particular benchmark. Portfolios in the composite utilize levered index products. Leveraged ETFs are considered risky. The use of leverage strategies by a fund increases the risk to the fund and magnifies gains or losses on the investment. You could incur significant losses even if the long-term performance of the underlying index showed a gain. Most leveraged ETFs “reset” daily. Due to the effect of compounding, their performance over longer periods of time can differ significantly from the performance of their underlying index or benchmark during the same period of time. Exchange traded funds (ETFs) are offered by prospectus only. Investors should consider a fund's investment objective, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other important information, is available from your Financial Advisor and should be read carefully before investing. The investment return and principal value of an investment will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than their original cost. ETFs trade like stocks and may trade for less than their net asset value. The S&P500 Total Return Index is the total return version of the S&P 500 Index which includes the effects of reinvested dividends. The S&P 500 Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS. The U.S. Aggregate rolls up into other Barclay's flagship indices, such as the multi-currency Global Aggregate Index and the U.S. Universal Index, which includes high yield and emerging markets debt. The U.S. Aggregate Index was created in 1986, with index history backfilled to January 1, 1976. The investment strategy and types of securities held by the comparison indices may be substantially different from the investment strategy and the types of securities held by the PVG Equity Income strategy. PVG Asset Management (“PVG”) is a registered investment advisor with the United States Securities Exchange Commission (the “SEC”). SEC registration does not constitute an endorsement of the firm by the Commission nor does it indicate that the advisor has attained a particular level of skill or ability. Inception for the Equity Income strategy is 10/1/2010; prior performance represents the Income portion of the Balanced Strategy Composite, which PVG believes was managed with the same investment goals. Inception for the Tactical Total Return strategy is 09/30/2001. Inception for the Dynamic Core strategy is 09/30/2001. The strategy was redefined on 12/31/2014 to a technical algorithm overlay model. The Dynamic Core Strategy previously utilized subjective fundamental input and is now utilizing only algorithmic technical input. The Tactical Total Return composite was created 9/30/2001. Composite performance represents the results of the PVG management team, which has changed over time due to retirements and new staff. Additional information is available*